

PREVAILED

Roll Call No. _____

FAILED

Ayes _____

WITHDRAWN

Noes _____

RULED OUT OF ORDER

HOUSE MOTION _____

MR. SPEAKER:

I move that House Bill 1554 be amended to read as follows:

- 1 Page 16, line 30, strike "Limitations defined in paragraphs 13, 20,
- 2 21, 22, and 26 of this" and insert "**Investments in subsidiary**
- 3 **companies must be made in accordance with IC 27-1-23-2.6.**".
- 4 Page 16, strike line 31.
- 5 Page 16, line 32, strike "obligations,".
- 6 Page 16, line 32, strike "capital stock,".
- 7 Page 16, line 32, delete "and other securities".
- 8 Page 16, line 32, strike "of".
- 9 Page 16, line 32, delete "a".
- 10 Page 16, line 33, delete "company".
- 11 Page 16, line 33, strike "shall be inapplicable when, within".
- 12 Page 16, line 34, delete "IC 27-1-23-2.6,".
- 13 Page 16, line 34, strike "the result of such investment, whether in
- 14 one (1) or".
- 15 Page 16, strike lines 35 through 37.
- 16 Page 16, line 38, strike "insurance company. However,".
- 17 Page 16, line 39, strike "the total of a life insurance company's
- 18 investments in".
- 19 Page 16, strike lines 40 through 42.
- 20 Page 17, strike lines 1 through 6.
- 21 Page 27, line 36, after "(a)" insert "**As used in this section, "entity"**
- 22 **means:**
- 23 **(1) a sole proprietorship;**
- 24 **(2) a corporation;**

- (3) a limited liability company;
- (4) a partnership;
- (5) an association;
- (6) a joint stock company;
- (7) a mutual fund;
- (8) a joint venture;
- (9) a trust;
- (10) a joint tenancy;
- (11) an unincorporated organization; or
- (12) a similar entity.

(b) As used in this section, "primary company" means a domestic insurance company that beneficially owns more than fifty percent (50%) of one (1) or more subsidiary companies.

(c) As used in this section, "subsidiary company" means an entity of which more than fifty percent (50%) is beneficially owned by an insurance company.

(d)".

Page 27, line 37, delete "insurer" and insert "**primary company**".

Page 27, line 38, delete "an insurer" and insert "**a primary company**".

Page 27, line 39, delete "insurer's" and insert "**primary company's**".

Page 27, line 40, after "subsidiary" insert "**company**".

Page 27, line 40, delete "insurer" and insert "**primary company**".

Page 27, line 41, delete "insurer's" and insert "**primary company's**".

Page 27, line 42, delete "subsidiary's" and insert "**subsidiary company's**".

Page 28, line 1, delete "insurer's" and insert "**primary company's**".

Page 28, line 1, after "subsidiary" insert "**company**".

Page 28, line 2, delete "(b) A domestic insurer" and insert "**(e) A primary company**".

Page 28, line 4, delete "subsidiaries" and insert "**subsidiary companies**".

Page 28, line 5, delete "(c)" and insert "**(f)**".

Page 28, line 5, after "subsidiary" insert "**company**".

Page 28, line 5, delete "domestic insurer" and insert "**primary company**".

Page 28, line 7, after "the subsidiary" insert "**company**".

Page 28, line 7, after "a subsidiary" insert "**company**".

Page 28, line 8, delete "domestic insurer." and insert "**primary company**".

Page 28, line 9, delete "(d)" and insert "**(g)**".

Page 28, line 10, delete "IC 27-1," and insert "**IC 27-1-12-2 or IC 27-1-13-3,**".

Page 28, line 11, delete "domestic insurer" and insert "**primary**".

- 1 **company".**
- 2 Page 28, line 11, after "may" insert ", **directly or through one (1)**
- 3 **or more subsidiary companies,".**
- 4 Page 28, line 13, after "Invest" delete ", ".
- 5 Page 28, line 14, delete "subsidiaries," and insert "**subsidiary**
- 6 **companies,".**
- 7 Page 28, line 15, after "that" insert "**in total**".
- 8 Page 28, line 16, delete "insurer's assets" and insert "**primary**
- 9 **company's admitted assets".**
- 10 Page 28, line 16, delete "insurer's surplus" and insert "**primary**
- 11 **company's surplus".**
- 12 Page 28, line 18, delete "insurer's" and insert "**primary**
- 13 **company's".**
- 14 Page 28, line 19, delete "insurer's" and insert "**primary**
- 15 **company's".**
- 16 Page 28, line 20, delete "insurer's" and insert "**primary**
- 17 **company's".**
- 18 Page 28, line 22, after "investments" insert ", **whether made**
- 19 **directly or through one (1) or more subsidiary companies,".**
- 20 Page 28, line 23, delete "subsidiaries" and insert "**subsidiary**
- 21 **companies".**
- 22 Page 28, line 25, before "the" insert "**to the extent that**
- 23 **expenditures relate to an investment other than an investment**
- 24 **described in clause (A),".**
- 25 Page 28, line 28, after "subsidiary" insert "**company**".
- 26 Page 28, line 29, after "subsidiary" insert "**company**".
- 27 Page 28, line 35, after "subsidiary" insert "**company**".
- 28 Page 28, line 35, delete "subsidiary's" and insert "**subsidiary**
- 29 **company's".**
- 30 Page 28, line 37, delete "Invest" and insert "**Notwithstanding**
- 31 **subdivision (1), invest".**
- 32 Page 28, line 39, delete "subsidiaries" and insert "**subsidiary**
- 33 **companies".**
- 34 Page 28, line 41, delete "insurer" and insert "**primary company**".
- 35 Page 28, line 41, after "subsidiary" insert "**company**".
- 36 Page 28, line 42, delete "subsidiary's" and insert "**subsidiary**
- 37 **company's".**
- 38 Page 28, line 42, delete "the investment" and insert ", **when**
- 39 **combined with the investments of the primary company,".**
- 40 Page 29, line 1, delete "will not cause the amount of".
- 41 Page 29, line 2, delete "insurer to" and insert "**primary company**
- 42 **will not".**
- 43 Page 29, line 3, delete "IC 27-1." and insert "**IC 27-1-12-2 or**
- 44 **IC 27-1-13-3".**
- 45 Page 29, line 4, delete "With" and insert "**Notwithstanding**
- 46 **subdivision (1), with".**

Page 29, line 6, delete "subsidiaries" and insert "**subsidiary companies**".

Page 29, line 7, delete "insurer's" and insert "**primary company's**".

Page 29, line 8, delete "insurer's" and insert "**primary company's**".

Page 29, line 9, delete "insurer's" and insert "**primary company's**".

Page 29, between lines 10 and 11, begin a new paragraph and insert:

"(h) Investments that are made under this section in common stock, preferred stock, debt obligations, or other securities of a subsidiary company are not subject to restrictions or prohibitions under IC 27-1-12-2 or IC 27-1-13-3 that otherwise apply to investments of primary companies."

Page 29, line 11, delete "(e)" and insert "**(i)**".

Page 29, line 11, delete "domestic insurer" and insert "**primary company**".

Page 29, line 12, delete "(d)," and insert "**(g), a primary company shall make**".

Page 29, line 12, delete "must be".

Page 29, line 13, delete "made".

Page 29, line 21, delete "(f)" and insert "**(j)**".

Page 29, line 21, delete "an insurer" and insert "**a primary company**".

Page 29, line 21, after "subsidiary" insert "**company**".

Page 29, line 21, delete "the insurer" and insert "**the primary company**".

Page 29, line 22, after "subsidiary" insert "**company**".

Page 29, line 27, delete "IC 27-1" and insert "**any applicable provision of IC 27-1-12-2 or IC 27-1-13-3**".

Page 29, line 27, delete "insurer" and insert "**primary company**".

Page 29, delete lines 29 through 42, begin a new paragraph and insert:

"(k) A primary company, at the time of establishing a subsidiary company, must possess:

(1) assets of not less than twenty-five million dollars (\$25,000,000); or

(2) not less than three million five hundred thousand dollars (\$3,500,000) of:

(A) combined capital and surplus in the case of a stock company; and

(B) surplus in the case of a mutual company.

(l) The department has the power to:

(1) conduct periodic examinations of a subsidiary company;

(2) require reports that reflect the effect of the condition and operation of a subsidiary company on the financial condition of a primary company; and

(3) make additional examinations or require other reports with respect to a subsidiary company that are necessary to

1 carry out the purposes of this section.

2 A noninsurance subsidiary company shall annually furnish the
3 department financial statements that are prepared under generally
4 accepted accounting principles and certified by an independent
5 certified public accountant and the department may rely on the
6 statements. If a subsidiary company conducts the business of the
7 subsidiary company in a manner that clearly tends to impair the
8 capital or surplus fund of the primary company, or otherwise
9 makes the operation of the primary company financially unsafe,
10 the department may act under IC 27-1-3-19 with respect to the
11 primary company.

12 (m) A primary company and a subsidiary company shall, in all
13 respects, stand before the law as separate and distinct companies
14 and neither company is liable to the creditors, policyholders, or
15 stockholders of the other company, acts or omissions of an officer,
16 director, stockholder, or member of either company
17 notwithstanding.

18 (n) The board of directors and officers of a primary company
19 and a subsidiary company may be identical. However, the affairs
20 of each company shall be carried on separate and distinct from the
21 other company.

22 (o) A foreign subsidiary company shall be treated in the same
23 manner as other foreign companies, except that the treatment may
24 be withheld or suspended with respect to a subsidiary company
25 that is domiciled in a state that does not treat a:

26 (1) primary company; or

27 (2) subsidiary company;

28 that is domiciled in Indiana in a manner equal to a foreign or
29 domestic company doing business in the other state.

30 (p) Interests in a subsidiary company that are owned by a
31 primary company must be registered in the name of the primary
32 company except for shares that are required under Indiana law to
33 be registered in the name of another person.

34 SECTION 4. [EFFECTIVE JULY 1, 2001] IC 27-2-9 IS
35 REPEALED."

36 Delete pages 30 through 33.

(Reference is to HB 1554 as printed February 9, 2001.)

Representative Crooks